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**City of Rogers, Minnesota
Business Subsidies Policy & Criteria**

1. Public Purpose

Determining whether to grant a business subsidy is an inherently inexact process that greatly depends on individual situations. This policy is a general statement of guidelines. The City in adopting this policy retains the sole and absolute discretion to deny or grant any subsidy request for any reason.

This policy and criteria is adopted by the City of Rogers (herein sometimes "City") in accordance with the Minnesota Business Subsidy Law ("Act"), Minnesota Statutes, Sections 116J.993 through 116J.995. Terms used in this policy are intended to have the same meanings as used in the Act. Subd. 1 of the Act states: "A business subsidy must meet a public purpose ~~other than~~ which may include but not be limited to increasing the tax base. Job retention may only be used as a public purpose in cases where job loss is ~~imminent~~ specific and demonstratable."

2. Business Subsidy and Community & Economic Development Tools

The City of Rogers shall continue its support of community and economic development projects by utilizing any and all available economic development financing tools it deems appropriate, including, but not limited to revolving loan fund gap financing, tax increment financing, and tax abatement. Business subsidies may be granted to projects that would not otherwise occur "but for" the assistance being requested.

3 Community & Economic Development Goals & Objectives

The City may use the available economic development financing tools to assist the City in satisfying its community and economic development goals and objectives. This specifically includes broadening and diversifying the tax base, and one or more of the following:

- A. To further develop an enhanced employment base.
- B. To encourage strong, viable growth and development for the commercial and industrial areas of the community.
- C. To stimulate the redevelopment of underutilized, blighted or obsolete land uses.
- D. To insure that publicly assisted economic development projects meet established criteria that guarantee public benefit.

E. To promote and encourage a high quality of construction.

F. To provide more and better services to the City residents.

4. Definitions

- Applicant - Any person(s) who applies for a business subsidy.

City - City of Rogers.
- City Attorney or other Professional - Individual, firm or governmental agency contracted with the City for the provision of legal or other professional services.
- Developer - Sole proprietor, partnership, corporation, or company, franchiser, franchisee, or utility company developing or improving property within the City of Rogers.
- Owner - Sole proprietor, partnership, corporation, or company which owns property in fee simple or as a contract for deed purchaser or lessee.

5. Job and Wage Goals

While it is recognized that the creation of well paying jobs is a desirable goal which benefits the community, the City of Rogers also recognizes that not all projects that may be assisted with subsidies will derive their public purposes and importance solely by virtue of job creation.

Whereas job creation is highly sought after as a traditional measure of a subsidy's public benefit, it is also recognized that job creation is by no means the only measurable benefit. In addition, the imposition of high job creation requirements and high wage levels may be unrealistic and counter-productive in the face of larger economic forces and the financial and competitive circumstances of an individual business.

The minimum wage floor for wages to be paid for the jobs created is \$8.25 per hour; provided, that up to 10% of the jobs created may pay federal minimum wage. The wage goals required under this policy shall be implemented as required by the Act. "Job retention may only be used as a public purpose in cases where job loss is ~~imminent~~ specific and demonstratable."

6. Eligibility Requirements for all Business Subsidies

To be eligible for a Business Subsidy in the City of Rogers:

- A. Applicants must have the authority to incur debt and carry out the proposed project purpose within the City of Rogers.
- B. Applicants must be unable to finance the proposed project from their own resources or through commercial credit or other federal or state programs at reasonable rates and terms.
- C. Business subsidy must not result in any conflict of interest prohibited by law.
- D. Any delinquent debt to the federal, state or local government, by the applicant or any of its principals, shall cause the applicant to be ineligible to receive Business Subsidies in the City of Rogers.

7. General Limitations and Criteria for all Business Subsidy Projects

- A. The following criteria will be considered for each Business Subsidy application:**

- (1) Is the proposed development in compliance with State law?
- (2) Will the project increase the tax base, and if so, to what extent?
- (3) Will new jobs be created, and if so, will these jobs constitute "head of household" opportunities?

What level of quality will the facility reflect with respect to the materials used, size, and landscaping and general aesthetics?

Do project projections show that the proposed project will be financially feasible?

Are the proposed use(s) compatible with the City's comprehensive guide and zoning ordinance?

What will the impact be on City public services?

- B. Criteria: "But For" Test**

A key indicator for the use of all business subsidies shall be the "but for" analysis that says the proposed development project would not occur "but for" the business subsidy assistance, i.e., Does it pass the "but for" test set forth in this Section? Therefore, the City will review each business subsidy application based on the following criteria:

Development obstacles (e.g., deteriorated/obsolete buildings; poor soil conditions.)

Whether the site has been targeted by the City for redevelopment or development based on specified needs and policy.

Whether the development project will locate or relocate to a different city and/or state without local public financing.

- (4) Whether public infrastructure is necessary in order to serve a large area or targeted site.
- (5) Whether land acquisition assistance is required in order to address a specified public strategy or need.
- (6) Whether public financing fills an identifiable financing "gap" for the project due to such factors as inadequate lender financing or below-market return on investments.

8. Minimum Standards for All Business Subsidy Projects

- A. The City shall be reimbursed by the applicant for costs associated with contract professional for reviewing the business subsidy application, preparing and approving required documents, and executing the agreements.
- B. At all times, policies and procedures related to the proposed or actual approval of the Business Subsidy Project shall comply with applicable laws.
- C. All applications and supporting documents shall become the property of the City, and the classification of the data shall be governed by the Data Practices Act.
- D. The Council reserves the right to select and retain, at the expense of the applicant, a third party to assist in the evaluation of the proposed development project and corresponding documents and agreements.
- E. The applicant shall pay all permits and fees normally charged by the City as part of the approval process unless otherwise approved by the City.

9. Tax Increment Project Evaluation Criteria

- A. The City will utilize tax increment financing to support the community's long-term economic redevelopment and housing goals.

B. Each tax increment financing subsidy will be analyzed and evaluated by the City. Each project shall be measured against the criteria and the value of the project shall be determined, based upon meeting the criteria.

C. Following are the evaluation criteria that will be used by the City:

All business subsidy requests shall meet the "but for" test. The "but for" test means that the project would not develop solely on private investments in the reasonable future. The developer shall provide findings for the "but for" test.

Business subsidy requests should create the highest feasible number of jobs on site from date of occupancy where deemed appropriate.

All business subsidy requests should create the highest possible ratio of property taxes paid before and after redevelopment.

Business subsidy requests should facilitate redevelopment or elimination of "substandard" or "blighted" areas where deemed appropriate.

- (5) Business subsidy requests should facilitate the "clean-up" of environmentally unsound property where deemed appropriate.
- (6) Business subsidy requests should increase moderate priced housing options for area residents where deemed appropriate.
- (7) All business subsidy requests should be deemed to promote additional desired "spin-off" development.
- (8) All business subsidy requests should demonstrate "community involvement" including demonstrated degrees of the various factors:
 - (A) Local residency of the company's owners and employees, or
 - (B) Local residency of the contractors involved in the project, or
 - (C) Membership in local business organizations, or
 - (D) Other similar factors.

Adopted by the City Council on June 13, 2000